

Message Text

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ACTION IO-14

INFO OCT-01 OIC-04 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

SS-15 NSC-10 L-03 H-03 PA-03 PRS-01 USIA-15 CU-04

CIAE-00 INR-10 NSAE-00 ABF-01 OMB-01 TRSE-00 ISO-00

DRC-01 /159 W

----- 055869

R 251141Z SEP 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3452

UNCLAS SECTION 1 OF 2 PARIS 25101

NESCO

E.O. 11652: N/A

TAGS: AORG, AFIN, OCON, UNESCO

SUBJECT: 93RD EXBD APPROVES THREE RESOLUTIONS ON UNESCO FINANCES
(ITEM 7.2)

REF: (A) STATE 190069; (B) PARIS 24873; (C) PARIS 24985; (D)
PROHME-FORSTER TELCON SEPT 24

1. 93RD EXBD ON SEPT 24 APPROVED BY LARGE MAJORITIES THREE
RESOLUTIONS ON FINANCIAL SITUATION OF ORGANIZATION AND
MEANS OF MEETING DEFICITS. RESOLUTIONS WILL BE FORWARDED
TO 3RD EMERGENCY GENERAL CONFERENCE WHICH CONVENES IN PARIS
ON OCT. 23.

2. FOLLOWING IS SUMMARY OF DEBATE, BY RESOLUTION:

A. DR IN ANNEX I, 93 EX/43; RESOLUTION PASSED WITHOUT DEBATE
30(US)-0-1(ZAMBIA). CORRECTION MADE IN PARA 4 AS FOLLOWS:
IN SECOND LINE WORD "SOME" REPLACED BY "AN". LINE HENCE
READS "AN ADVERSE IMPACT..."

B. DR IN ANNEX II, 93 EX/43; RESOLUTION, WHICH DEBATED
AT LENGTH ON SEPT 24, PASSED 28(US)-0-4(USSR, BULGARIA,
INDIA AND ZAMBIA). IN EXPLANATION OF VOTE US PERM REP
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EXPRESSED APPRECIATION FOR CHAIRMAN'S DELAY OF VOTE UNTIL

LATE AFTERNOON (1830 HOURS) SO US COULD OBTAIN INSTRUCTIONS (REF D); STRESSED GREAT IMPORTANCE US ATTACHED TO REACHING CONSENSUS ON MATTER OF THIS IMPORTANCE; EMPHASIZED THAT US WOULD CONTINUE TO INSIST ON ECONOMIES AND SAVINGS IN OPERATIONS OF UNESCO THROUGHOUT BALANCE OF BIENNium; AND SAID THAT ASSURANCES CONTAINED IN PARAS 4 AND 5 REAFFIRMING THAT "FIRST USE OF SAVINGS AND ECONOMIES MUST BE TO ABSORB INFLATIONARY COSTS;" AND DECISION TO RECOMMEND FURTHER CURTAILMENTS IN PROGRAM WHICH WOULD PRODUCE SAVINGS OF \$1,600,000 HAD ENABLED US TO VOTE FOR RESOLUTION. CZECH (GROHMAN) BROKE FROM EE BLOC IN VOTING FOR RESOLUTION BECAUSE HE HAS SERVED ON WORKING GROUP AND FELT MUST VOTE WITH GROUP ON ITS RESOLUTION. HE SAID HIS VOTE ON BOARD DID NOT PREJUDGE VOTE CZECH DELEGATION WOULD CAST AT 3RD EMERGENCY GC. INDIAN (KRISHNAMURTI) ABSTAINED BECAUSE OF LACK OF INSTRUCTIONAL THOUGH HE REITERATED INDIA'S CONCERN WITH ECONOMICAL ADMINISTRATION OF UNESCO PROGRAM BECAUSE OF INDIA'S PRESENT BUDGETARY CRISIS AT HOME AND NEED TO HOLD DOWN ADDITIONAL ASSESSMENTS.

C. DR IN ANNEX II, 93 EX/43 AMENDED AS FOLLOWS DURING DEBATE:

PARA 4, FIRST LINE, CHANGE WORKD "WILL" TO "MAY" SO AS TO READ "DIRECTOR GENERAL MAY HAVE TO MAKE..."

PARA 11 COMPLETELY AMENDED TO READ: " INVITES THE DIRECTOR GENERAL TO PREPARE PROPOSALS FOR CURTAILMENTS WHICH ARE ADDITIONAL TO THOSE FOR MEETING INFLATION AND WHICH WOULD PRODUCE SAVINGS IN THE AMOUNT OF 1.6 MILLION TO MEET PART OF THE DEFICIT CAUSED BY THE DEVALUATION OF THE ORGANIZATION'S CURRENCY OF ACCOUNT."

PARA 12: AMEND LAST TWO LINES TO READ: "CONSIDERATION THE SUPPLEMENTARY ESTIMATES WHICH THE DIRECTOR GENERAL WILL PREPARE FOR DOCUMENT 3X/C3 TAKING ACCOUNT OF PARAGRAPH 11 ABOVE."

D. DR IN PARA 28 OF 93 EX/DRAFT 1: (REF C): AFTER LATE AFTERNOON DEBATE RESOLUTION PASSED 27-0-6(US, USSR, CZECHOSLOVAKIA, BULGARIA, INDIA, ZAMBIA) AFTER INDIVIDUAL VOTES TAKEN ON PARTS I AND II (27-0-6(US, INDIA, EES, ZAMBIA); PART III, (H) 25-2 (MEXICO, BULGARIA)-5(USSR, CZECHOSLOVAKIA, INDIA, ZAMBIA, US); AND PART III AS WHOLE: 25-0-8 (CHINA, EES, US, INDIA, ZAMBIA).

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US PERM REP EXPLAINED THAT BECAUSE DG HAD CHANGED FIGURES CONTAINED IN PARA (F) (SEE BELOW) DURING DEBATE AND HENCE US DEL DID NOT HAVE TIME TO OBTAIN NEW INSTRUCTIONS, US HAD TO ABSTAIN.

DR IN PARA 28 AMENDED EXTENSIVELY AS FOLLOWS:

PARA I(B) WILL BE AMENDED TO READ ALONG FOLLOWING LINES (EXACT WORDING NOT YET AVAILA

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R 251141Z SEP 73
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 3453

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ESTIMATES FOR 1973-4 FOR THE AMOUNT OF \$14,250,100, INCLUDING
SUM PROVISIONALLY APPROVED BY THE EXECUTIVE BOARD AS NOTED
IN PARA (A) ABOVE, AND SET FORTH IN DETAILED TABLE TO BE INCLUDED
IN DOCUMENT 3X/C3 TO BE PREPARED BY DIRECTOR GENERAL."

TABLE CONTAINED IN I(B) OF 93 EX/DRAFT 1 THEREFORE DROPPED.

PARA II(E) AMENDED AS FOLLOWS: IN SECOND LINE CHANGE FIGURE
"\$1,500,000" TO "\$1,600,000".

PARA II(F) WILL BE AMENDED TO READ ALONG FOLLOWING LINES (EXACT
WORDING NOT YET AVAILABLE): INSERT NEW INTRODUCTORY PHRASE TO
READ: "TOTAL ASSESSED BUDGET FOR 1974 IS \$12,652,100." THIS AMENDMENT
ADDED AT REQUEST OF US REP.

PARA II (F) (I) AMENDED TO READ: CHANGE FIGURE "\$8,000,000"
IN FIRMS LINE TO "\$9,000,000."

PARA II (F) (II) AMENDED TO READ: CHANGE FIGURE "\$4,752,100"
IN SECOND LINE TO "\$3,652,100."

D. IN COURSE OF DISCUSSIONS WHICH FOLLOWED VOTE ON DR CONTAINED
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IN PARA 28 OF 93 EX/DRAFT 1, DG PROMISED, IN RESPONSE TO REQUEST
FROM BETTANCUR (COLOMBIA) TO PREPARE INFORMATION SHEET CONTAINING

SPECIAL ASSESSMENTS FOR EACH MEMBER STATE BASED ON TOTAL ASSESSED BUDGET OF \$12,652,100, WITH \$9,000,000 DUE ON JANUARY 1, 1974 AND BALANCE OF \$3,652,100 "TO BE PAID AFTER APPROVAL OF EXECUTIVE BOARD ON BASIS OF FURTHER REVIEW IN THE COURSE OF 1974, OF FINANCIAL SITUATION OF ORGANIZATION."

E. IN RESPONSE TO QUESTION FROM CUEVAS-CANCINO (MEXICO), DDG FOBES REPORTED THAT IT MIGHT BE NECESSARY FOR UNESCO TO BORROW UP TO \$5 MILLION DURING 1974 TO MEET DELAYS IN ASSESSMENT PAYMENTS BECAUSE FULL WCF WOULD BE DRAWN. SHORT TERM BORROWING AT CURRENT LOCAL RATE OF 12-0/0 WOULD COST ESTIMATED INTEREST CHARGE OF UP TO \$250,000, FOBES SAID. HE PLEADED FOR CONCESSIONAL LOANS FROM MEMBER STATES AS REQUESTED IN PARA III, (I) OF RESOLUTION APPROVED BY BOARD (PARA 28, 93 EX/DRAFT 1).

4. PERM REP HAS FOLLOWING COMMENTS ON FINANCIAL DEBATE JUST CONCLUDED:

A. US PERM DEL CARRIED ON CONSTANT DISCUSSIONS WITH CHAIRMAN WYNTER AND OTHER MEMBERS OF BOARD'S WORKING GROUP THROUGHOUT PERIOD OF THEIR WORK. US VIEWS RE POSSIBLE REDUCTIONS IN PROGRAM WERE GIVEN MARTIN (UK) IN WRITING FIRST DAY OF WG'S DELIBERATIONS.

B. MARTIN (UK) CONVINCED MAXIMUM SAVINGS EXTRACTED FROM WG AND STRONGLY RECOMMENDED US SUPPORT FOR AMENDED DR IN ANNEX II OF 93 EX/43.

C. ALL GENEVA GROUP MEMBERS OF BOARD SUPPORTED ALL THREE DRS.

D. LDC MEMBERS SHOWED A GENERALLY CONSTRUCTIVE ATTITUDE TOWARD ECONOMIES IN PROGRAM ONCE INITIAL DAY'S DEBATE ENDED AND WORKING GROUP BEGAN ITS DELIBERATIONS. THIS ATTITUDE REFLECTED IN ALMOST TOTAL LACK OF OPPOSITION TO WG'S PROPOSED \$1,600,000 IN CUTS IN PROGRAM TO HELP MEET DEVALUATION DEFICIT.

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E. DG MAHEU ONLY RELUCTANTLY WENT ALONG WITH \$1.6 MILLION IN CUTS AND ATTEMPTED TO HEDGE ON COMMITMENT TO MEET FURTHER INFLATIONARY COSTS DURING BALANCE OF BIENNIUM BECAUSE OF FEAR INFLATION MIGHT GET OUT OF HAND AND BURDEN OF MEETING ADDED COSTS MIGHT BE TOO GREAT FOR ORGANIZATION TO HANDLE FROM SAVINGS.

F. LIKELY TOTAL OF NEW SAVINGS RESULTING FROM PASSAGE OF BOARD'S RESOLUTIONS--PROVIDED 3RD EMERGENCY GENERAL CONFERENCE DOES NOT REVERSE--WILL EASILY EXCEED \$2 MILLION, AS FORCED INFLATION SAVINGS ALONE COULD REACH \$1 MILLION DURING

BALANCE OF BEINNUIUM AND DG IS COMMITTED TO FIND IMMEDIATE
\$1.6 MILLION IN PROGRAM SAVINGS TO MEET DEVALUATION DEFICIT.

G. KEY PROBLEM NOW FACING US AND OTHER MAJOR DONORS IS
TO PROTECT SAVINGS RECOMMENDED BY 93RD EXBD FROM EROSION AT 3RD
EMERGENCY GENERAL CONFERENCE. IMPROVEMENT IN FINANCIAL SITUATION
THROUGH INCREASE IN EXCHANGE RATE OF DOLLAR AS OF OCTOBER 23
WOULD RESULT IN REDUCED PRESSURE ON CONFERENCE TO ACHIEVE SAVINGS.
IRWIN

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